

February 8, 2006

The regular meeting of the Santa Rosa County Building Code Board of Adjustments and Appeals was held February 8, 2006, at 3:00 p.m. in the conference room of the Santa Rosa County Building Inspection Department located at 6051 Old Bagdad Highway, Milton, FL 32583. Board members present were Mr. Danny Holt, Chairman; Mr. Charles "Pete" Southerland, Vice Chairman; Mr. James "Larry" Hall, Mr. Frank Harold, and Mr. William J. Blackman.

Building Inspection Department staff in attendance was Mrs. Rhonda Royals, Deputy Building Official; Mr. Skip Tompkins, Compliance Division Superintendent; Mr. Randy Jones, Compliance Investigator; Mr. Bobby Burkett, Compliance Investigator and Mrs. Robyn Leverton, Administrative Assistant I.

Mr. Tom Dannheisser, County Attorney, was not present for the meeting.

Mr. Danny Holt, Chairman, called the meeting to order at 3:00 p.m.

Approval of Agenda:

There was an amendment to the agenda. Agenda item #5c., Gay Corte vs. Allison Kirksey d/b/a Escambia Santa Rosa Roofing was resolved prior to this meeting. It can be removed from the agenda. Mr. Southerland made a motion to accept the amended agenda. Mr. Harold seconded the motion. The motion carried with a unanimous vote.

Approval of Minutes:

Mr. Blackman made a motion to approve the minutes from the January 11, 2005 meeting. Mr. Hall seconded the motion. The motion carried with a unanimous vote.

Next Meeting:

The next regularly scheduled meeting is Wednesday, March 8, 200 5, at 3:00 p.m. in the Building Inspection Department Conference Room.

New Business (Probable Cause)

Santa Rosa County Building Inspection vs. Kevin M Case d/b/a Collins and Associates

Rhonda Royals introduced the case and explained that the Board heard this case at the December meeting and voted to go to a formal hearing. In discussions with the County Attorney, it was determined that the Board needs to listen to the case as Probable Cause prior to sending to Formal Hearing. Initially this case came to the Board in the form of an appeal of the Building Official's decision and it was then carried over as an appeal, so when the Board voted to carry it over to a formal hearing, it had never been scheduled as Probable Cause only as a continuance of an appeal. That is why you are listening to this case today as Probable Cause.

The original appeal was regarding the incorrect positioning of the nails in the tar line of the shingles. Collins and Associates had been notified that they would be on today's agenda based on the following code violations: shingle nailing hasn't been corrected and failure to call in for final inspections. They are not present today.

Mr. Blackman made a motion to carry to formal hearing, Mr. Southerland seconded the motion. After no further discussion, the motion carried with a unanimous vote.

New Business (Probable Cause)

AMVETS Post 1292 vs. Robert Chandler Knowles d/b/a Chandler Knowles, Inc.

Rhonda introduced the case stating that representation from AMVETS and Chandler Knowles is present. Randy gave a history of the case. In the packet the Board received, there are two contracts; one is with Gulf Coast Builders Plus, an unlicensed company with which Mr. Knowles had some transactions. The other contract is with Chandler Knowles, Inc. Neither contract is signed. A man named Mark Estes, with Gulf Coast Builders Plus, ended up with the check for \$30,000.00 that was written to Chandler Knowles, endorsed by Chandler Knowles and given to Gulf Coast Builders Plus. AMVETS hasn't received anything for that \$30,000.00 that was paid to Chandler Knowles. No one seems to know where the money is.

The Board asked Randy about a permit. Randy stated that a demo permit has been issued, no demolition has been done and no application has been submitted for the new construction of a metal building.

Mr. Joe E. Anderson, representative with AMVETS, explained why the building hadn't been demoed. AMVETS received \$36,000 from the insurance co. Chandler Knowles wanted \$30,000 up front to tear the building down and start the new construction. Knowles gave AMVETS a bid for \$167,000; the insurance company went along with that bid. Now the insurance company doesn't want to pay anymore since they have already paid out \$30,000 and nothing has been done to date. Mr. Anderson is arguing with insurance to try and get more money to tear the building down. Per Mr. Anderson, there was a signed contract with Mark Estes, Gulf Coast Builders, an employee of Chandler Knowles, Inc., but Knowles took the money and left them holding the bag. This is a non-profit organization, not personal money; this money belongs to 200 members of the Post.

Per Mr. Anderson, Knowles had an employee that received the \$30,000.00 check, Mark Estes. Mark Estes gave the check to Chandler Knowles, Chandler Knowles deposited that check. Chandler Knowles told the Post that the money had been stolen; he doesn't have the money and cannot do the job. Mr. Anderson said that is where the situation stands right now.

The Board asked several questions of Mr. Anderson and a discussion ensued.

Rhonda Royals said that it appears, based on the information packets submitted, that Gulf Coast Builders provided a proposal for \$165,062.60. On the same day, a contract was written by Chandler Knowles, Inc., saying that it was prepared by Gulf Coast Builders and Mark Estes signed the contract for the same dollar amount, reflecting a deposit of \$30,000.00. Both items were written on May 10.

Mr. Robert Chandler Knowles, Jr. addressed the Board. He said that he knew nothing about this contract that was signed last May. It was July when Joe Anderson, Commander of the Post, called his office asking why no work was going on. He said at that time he came to proposed jobsite, with several other men, to see what was going on. They found these two contracts, neither of which were signed by anybody with his company.

Per Mr. Knowles, Mark Estes didn't work for him. Through his (brief) relationship with Gulf Coast Builders, he learned that they were out of Houston representing three insurance adjusting companies. They had come over to find a builder in Pensacola that would complete insurance jobs. They brought their own sheetrock and painting crew and all they asked was to get that portion of the contract. Gulf Coast Builders would bring the insurance proposal to us (Chandler Knowles, Inc.) and we would have the right to say yes or no to the job. They were not authorized to do a \$165,000 project. There were no plans or specifications for this project. He did later find an 8 1/2 x 11" sheet with labeled hand drawings.

Mr. Knowles said he went back to try and find out where the \$30,000 went into his bank account, it didn't. He says the check is made out to Chandler Knowles, Inc.; on the back it says paid to Gulf Coast Builders and what appears to be his signature. He stated that he can't remember everything, so he is not saying yes or no. He would like to find out if that is his signature or if it was forged.

At the time, he (Chandler Knowles) assumed Chandler Knowles, Inc. had indeed received \$30,000.00 so he set out to try and complete the job. First he had to have a set of plans so he drew up preliminaries the way they (AMVETS) wanted and drew up a one page sheet of a scope of work. In August, the Post officers signed the scope of work in agreement. He then hired an architect to draw the plans, came to pull the demo permit and had to order an asbestos survey since the building is commercial. All these items were being paid out of his own pocket. Another contractor (friend) was lined up to take over the project as he had working capital to do the job. The Post wanted things to happen faster than he was able since he was paying out of his own pocket. He didn't abandon the project but was fired by the Post because he had no money and was working too slowly. He believes Gulf Coast Builders are the "bad guys" in this case.

The Board members asked Mr. Knowles questions; a discussion ensued.

Mr. Blackman made a motion to carry to formal hearing, Mr. Harold seconded the motion. After some discussion, the motion carried with a unanimous vote.

#### New Business (Probable Cause)

##### Cathy Schrock vs. Arnold Pearson d/b/a Pearsons Manufacturing

Rhonda introduced the case. Both parties were present. Randy started by reading section 16.1 (disciplinary proceedings) of the ordinance; he explained that as far as he is concerned this portion of the ordinance is important to this case "if the contractor or if the business entity or any general partner, officer, director, trustee, or member of a business entity for which the contractor is a qualifying agent is found guilty of any of the following acts..." Randy said this information is important because Mr. Touchstone is a partner of Arnold Pearson d/b/a Pearsons Manufacturing. He apparently has his own accounts within the company. Mr. Pearson, as the qualifying agent for Pearsons Manufacturing, is responsible for the actions of his partner.

Randy continued with an explanation of the case. Mark Brown Construction, from Arkansas, was a temporary licensed roofing contractor, roofing under the executive order that we expired all the licenses of in May '05. Mark Brown Construction is the one that signed the contract to do repairs, other than the roof, to this house. He has not been able to speak to Mark Brown. DBPR has got a case against him as well; Malcolm Harrison, one of their investigators, has told him that Mark Brown has admitted to everything that we are about to discuss today.

We need to focus on the issues of working without permits and aiding and abetting an unlicensed contractor being that Pearsons Manufacturing pulled the permits for Mark Brown. Arnold Pearson is a Registered General, Electrical, and Mechanical contractor. The permit, dated July 25, 2005, for this project is issued to Pearsons Manufacturing with Mr. Touchstone's signature on the application. The contract was signed several days prior to that.

Ms. Schrock will tell you today that she hadn't even heard of Pearson until some time in September or October. Allegedly, Mark Brown was the contractor. There is a copy of a check, in your packet, for \$2,000.00 (the actual amount he supposedly received was \$3,000), to Mr. Touchstone for pulling the building permit in exchange for them getting the electrical and mechanical work on the job. It appears that Mark Brown was fraudulently signing draws and sending them back to Arkansas.

Work has been done on the job that has not been permitted; the house was re-roofed in late September/early October that Pearson says they know nothing about, there was also plumbing work done that hasn't been permitted. The roof is not yet complete. The house has been gutted and windows installed incorrectly. There is \$50,000+ left to complete the house, but Pearsons Manufacturing wants \$90,000 to complete the house, that would be the \$50,000 plus an additional \$40,000.

The Board asked Randy some questions regarding the relationship between Mark Brown Const. and Pearsons Manufacturing. Randy says Mr. Touchstone stated that they were supposed to be the contractor and any money paid was supposed to be paid to Pearsons Manufacturing. As far as he (Randy) is aware, no changes have been filed against Mark Brown Construction by the State and since he is unlicensed, the Board has no options open for disciplinary action against Mark Brown Const. However Pearsons Manufacturing is a registered general contractor and is involved in this case.

The homeowner/complainant, Cathy Schrock of 1303 Ceylon Dr., addressed the Board next. Ms. Schrock gave timeline information. In April 2005, Mr. Brown was recommended to her by a coworker. She was able to reach him in May and has an outline, dated May 20th, of the job scope for her house. He did a walk thru at her house and they further discussed the scope of work over the next five days. On June 4th they had a lengthy conversation, walking thru costs (breakdown). She let him know that she was going out to Montana on June 9th-July 22 and gave him a number where she could be reached. They agreed they could fax contracts, bids, changes and anything else involved. She had not, at this point, met Mr. Brown. All conversation was through phone calls. On June 14th she received an estimate, faxed to her in MT, in his handwriting (from Mark Brown Construction) in the amount of \$107,000 for repairs to her home. She believed the estimate to be too vague so she jotted down (on June 20th) a list of things she wanted done to her home. He said he could work with that and on July 7th, he faxed the contract along with a request for \$30,000 as down payment.

USAA (insurance) issued the check (\$154,000) for repairs to her home; the check had both the mortgage co and homeowner as payee. Her mortgage co (Regions Bank) would not agree to a down pmt., but since she had \$20,000 extra, the difference between the amount of the mortgage and what the insurance company paid, the mortgage co would send that money to her and she could go ahead and give Mr. Brown the 1st draw. The contract was signed by both parties, she then mailed that along with a check (for \$5,000) and a list of items she needed Mr. Brown to address, such as licensing, guarantee of bond and a copy of all permits for the project. This list of items was to be sent to her mortgage company (within a week) for their records. Ms. Schrock sent the \$5,000 to Mr. Brown in Arkansas so he could pay his workers compensation up front (this is part of the \$20,000). The other \$15,000 was directly deposited into a Mark Brown account at Regions Bank.

The documentation referred to above, which was requested by her mortgage company, was not received. Mark Brown sent his

2nd draw request (\$26,000); the mortgage company, Terry Miller, issued the draw on July 22nd without those items. The check was made out to Mark Brown Construction, Ms. Schrock had no knowledge of this draw.

The documentation, previously mentioned, was faxed to the mortgage co on August 21st. A 3rd draw was sent out on September 2nd; this check had Mark Brown's name and Gary W. Schrock with her (Cathy Schrock's) power of attorney. This check was also sent directly to Mark Brown and he forged the signature so he could deposit. She has been to the State Attorney's office with this information.

The Board asked Ms. Schrock questions and a discussion ensued. She said she didn't meet Mr. Touchstone until August 2nd. Up to this point she believed that Mark Brown was her contractor. On August 2nd she was told that the permits for her home could not be pulled. Mr. Brown said that Mr. Touchstone would be completing the electrical, plumbing and HVAC work and that he would be pulling all the permits for her house. Ms. Schrock says she has nothing in writing from Mr. Touchstone or Mr. Pearson.

When all is said and done, Ms. Schrock says a total of \$77,500.00 was paid out to Mark Brown. Of that amount, approximately \$9,000 worth of work was completed.

Mr. Arnold Pearson d/b/a Pearsons Manufacturing addressed the Board. He stated that Mr. Touchstone is his General Manager (salaried). He went on to clarify information... In any given situation, when they go on a job that someone else has started, the first thing that's done is a phone call to SRC Bldg Inspection telling them of the situation. They also send anyone off that isn't licensed within SRC. The Board asked Mr. Pearson questions. Mr. Pearson became aware of Mark Brown when Brown gave Mr. Touchstone a check (\$2,000 to pull permits). He (Pearson) believed that Mr. Brown was representing Ms Schrock.

Randy asked if he could clarify some information. Per Randy, when Ms. Schrock called to tell SRC about the circumstances on the job, we had heard nothing about this job. The Schrock's did all the sheetrock removal work on their own ('til about June '05). The date the application was submitted and permits were written do indicate that there was no work done prior to their issuance. There is currently no notice of commencement indicated on the permit. When he called Mr. Pearson, several days after Ms Schrock contacted us about that check, he appeared to know nothing about it at that time. Mr. Pearson didn't seem to know anything about the above referenced check until he (Randy) faxed a copy to him. Randy said he was told that all work to date had been done by Mark Brown's crew...framing, roof, window replacements, and moving around of bathrooms and fixtures. There should be a plumbing permit and a roofing permit on the job.

Mr. Touchstone was next to address the Board. He was contacted by Mark Brown in June and he said that he did meet Ms. Schrock prior to August 2nd. When he met Mark Brown the first time, Mr. Brown presented himself as a licensed roofer and explained Ms. Schrock's ordeal. He stated that he could not pull the permits for the work that Ms. Schrock needed to have completed. He said that he was currently doing the work but couldn't go any further as permits were needed. When he arrived at the jobsite, the 1st time, he observed that the windows had already been removed and a laminated beam had been installed. He asked about engineered drawings, which there were none. He met Ms. Schrock on that day and Mr. Brown seemed to be acting as her manager (or whatever). Mr. Brown gave Mr. Touchstone a check, the \$2,000 so he could pull the permits. He told Mr. Brown that if he was going to do this job, he would have to put his employees on his payroll because Brown didn't have workman's compensation; those people were put on his payroll. Information was faxed to the insurance company that Pearsons Manufacturing would be the license holder and the carrier for the workman's comp insurance and general liability insurance.

The Board asked questions. Mr. Touchstone agreed that Mr. Brown brought the customer to him and he entered into an arrangement with Mr. Brown. He pulled the permits to finish the work that Brown couldn't get permitted because he wasn't a licensed contractor. He took Mr. Brown's employees and added them to Mr. Pearson's payroll. All this was arranged without the homeowner's knowledge. Work ceased at that time due to the 50% paperwork and elevation issues with the county. Ms. Schrock became aware of Pearsons Manufacturing on August 21st.

The Board stated that what it comes down to is Touchstone, representing Pearsons Manuf., pulled the permits for an unlicensed contractor to do the work because nothing was decided regarding payments to Pearsons Manufacturing for work completed (no contract). Therefore they were aiding and abetting an unlicensed contractor.

Randy spoke again saying the issue is... the contract is with Mark Brown; there is no contract with Pearsons Manufacturing. The money that has gone to Pearson has been from Mark Brown not Ms. Schrock or her mortgage company.

Per Mr. Touchstone, from Mark Brown they received the \$2,000 initial payment and a \$3,500 down payment towards the AC and electrical systems.

The Board reiterated the fact that this homeowner has spent a lot of money with very little work being completed. Mr. Touchstone said we sat down with Ms. Schrock, said we could get this project back underway, we can move this project right along no matter what he's (Brown) done with the money we can move on, but she said we had to wait for the insurance company.

Ms. Schrock said that Mr. Touchstone told her that for \$90,000 more they could get her house moved right along. The original price to complete the repairs was \$129,000. Mr. Hall wanted to clarify the contract issues and reviewed it step by step with Ms. Schrock.

The original contract was \$129,000, after Brown was done and gone there was \$57,000 left out of her insurance money. Mr. Touchstone then proposed that under a new contract, and for \$90,000.00, he would finish the work. This would be the remaining \$57,000 of insurance remaining and an additional \$33,000. Ms. Schrock said that it would not be the contract that she had with Mark Brown Construction. She would have to change the exterior of the house, change her lighting and cabinetry and cut some corners. She did not agree to his proposal.

Mr. Hall asked if she had any problems with what Mr. Touchstone and Mr. Pearson had done. Ms. Schrock said that them knowing that Mark Brown was unlicensed was a problem. She believes that since Pearsons Manufacturing pulled the permits, it allowed Mr. Brown the freedom to continue with the work. Mr. Blackman told Mr. Pearson that the honest thing for him to do is finish that house for the remainder of the original \$129,000 contract amount because he let Brown beat her out of the money, whether he knows it or not. What she gets from the States Attorneys office, from Brown, should go to Pearsons Manufacturing. Mr. Touchstone said he would like to have the opportunity to do that and believes he has the capability to do that.

Randy spoke again saying he believes it was right after he talked to Mr. Touchstone the first time that he went back to Ms. Schrock to get a contract with Pearsons Manufacturing. Randy says he told Touchstone that the first thing he would have done is get a contract right when he started, which by the permit application was back in July just a few days after the original

contract was signed.

Mr. Pearson said that he agrees with what Mr. Blackman proposed.

Mr. Blackman made a motion to table the case until the next meeting. Mr. Pearson, in the meantime, needs to draw up a contract with Ms. Schrock just like the one she had with Mark Brown Construction, hire a plumber that can pull a plumbing permit, pull a roof permit and get her house fixed for the remaining \$57,000.00 insurance funds regardless of the cost to Pearsons Manufacturing. Ms. Schrock has to continue to pursue the Mark Brown Construction case with the state. An update is also wanted at the next meeting.

Mr. Pearson acknowledged that he is well aware of the fact that he will make no money on this case. He said that he is willing to do some things that Ms. Schrock knows that he is aware of over and above the contract. There are some decking issues that should have been taken care of and it won't cost her any extra to have him handle those issues.

Mr. Southerland seconded the motion and without further discussion the motion carried with a unanimous vote.

Mr. Blackman made a motion to adjourn the meeting. Mr. Southerland seconded the motion. The motion carried with a unanimous vote.

The meeting was adjourned at 5:00 p.m.

Approved this \_\_\_\_\_ day of \_\_\_\_\_, 2006.

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Danny Holt, Chairman

Prepared by Robyn Leverton, Administrative Assistant I

Santa Rosa County Building Inspection Department